

**State Employee Benefits Advisory Council Meeting  
February 20, 2014  
Statewide Benefits Office  
Dover, Delaware**

The State Employee Benefits Advisory Council met on February 20, 2014 in the Statewide Benefits Office, 500 W. Loockerman St., Suite 320, Dover, Delaware. The following Council members and guests were present:

Faith Rentz, OMB, SW Benefits,  
Deputy Director  
Pat Griffin, SEBAC Chair  
Marsha Carson, SEBAC, DOS

Mike Nichols, DSP  
David Leiter, DHSS  
Paula Roy, Roy Assoc.  
Dawn Davis, SW Benefits

Ms. Griffin called the meeting to order at 3:10 p.m.

**Approval of Minutes – (handout)**

Ms. Griffin asked for a motion for approval of the January 16, 2014 minutes. Ms. Griffin made the motion and Mr. Nichols seconded the motion. Upon unanimous voice vote the minutes were approved. There was not a quorum present at the February 6 meeting in order to take official minutes however notes from that meeting were distributed and there were no questions on the materials.

**Update of SEBC Activities**

Ms. Rentz summarized the February 7 SEBC meeting and commented that the Hartford was awarded the disability contract. Rates are set for three years with a possibility of rate increases depending on the loss ratios in the fourth and fifth optional years. A discussion ensued amongst the group regarding short term and long term disability as well as returning to work. Ms. Rentz explained that the State does have a Return to Work Coordinator to assist those that have been out on disability return to work. It was mentioned that Segal presented an overview of the Affordable Care Act (ACA) at the last SEBC meeting. Ms. Griffin stated that SEBAC made public comment at the meeting that a longer enrollment period for life insurance would be beneficial. Ms. Rentz confirmed that including life insurance as part of the e-benefits process for the 2015 Open Enrollment is being discussed with PHRST.

Ms. Rentz proceeded to review the agenda items for the upcoming February 21, 2014 SEBC meeting. Copies of the January Fund Equity report were distributed for reference. It was noted that the FY14 year to date fund balance of \$21.8M, includes accounting adjustments that have been incurred but not yet received. A total of \$8.1M was received from Express Scripts due to a contractual requirement that the State is reimbursed when Express Scripts receives rebates and discounts from drug manufacturers in excess of what is guaranteed in the contract. This true-up is completed and paid, if applicable, six months after the close of the fiscal plan year.

The FY14 projected revenue is \$614.9M less the projected expenditures of \$613.8M for a total projected positive balance of \$1.1M. The projected year end health fund surplus above obligations for the rest of the year is estimated to total \$8.3M.

The FY15 revenue projections based on FY14 rates and adjusted for enrollment growth and adjustments to Medicare Part D subsidy, reinsurance reimbursements is \$616.3M. The expenditure projections are estimated to be \$631.5M, which includes the reduction for \$4.5 savings for NPF formulary. This leaves a total deficit of \$15.2M. It was noted that the expenditure projection reflects trend increase of 3.0% and includes required ACA fees.

Ms. Rentz explained that the SEBC would be shown cost savings options, medical plan copay change options and explained that all options allowed the State to maintain Grandfathered Status in the First State Basic, HMOs and PPO plans. If the plans were to lose Grandfathered Status, preventative care would be added for an additional cost of \$5M. Additionally, the State has not increased prescription copays since 2005 so as manufacturers' increase the cost of drugs the amount the member pays has eroded with members paying 10.7% of these costs and the plan paying the remainder. Ms. Rentz commented that the cost of generics would remain the same to incentivize members to use generic when possible. Much discussion is expected and no vote would be required until a later date.

Ms. Rentz reviewed the Mental Health Parity and Addiction Equity Act (MHPAEA) and stated that interim regulations passed in 2008 with final regulations being released in 2013. The State is currently compliant in all areas with the exception of intermediate levels of care. The State is working with Highmark and Aetna to determine compliance in the area of inpatient residential treatment and partial hospitalization as outpatient benefits. The State is permitted to apply for exemption to MHPAEA. More information will be supplied at the March 10 meeting to determine if compliance can be achieved by the start of the FY15 plan year or if an exemption should be requested.

Ms. Rentz commented that FY13 DelaWELL had successful returns on investment and reductions in medical expenses. Outcomes data will be reviewed in the meeting tomorrow. It was explained that there has been a 12% improvement since FY10 in hospital admissions for those identified by Alere in the Condition Care Program. Ms. Rentz reviewed Wellness participation statistics and advised that a DelaWELL participation survey would be sent out the first week of March from the Governor in hopes of increasing engagement. In conclusion, the DelaWELL program is expected to adequate funds remaining for the incentive payments in FY15.

### **SEBAC Comments to SEBC**

SEBAC asks SEBC to factor in the potential impact of each health benefit savings option on all employees, particularly on lower pay grade employees (for example, to consider the overall impact of copay increases on employees vs. premium increases)

### **Public Comment**

Paula Roy, Roy Associates asked for clarification regarding the grandfathering status of the State's health plans. Ms. Rentz explained that only the two Consumer Directed Gold Plans (CDH) were non-grandfathered and that the copay proposals being brought before the SEBC, if approved, would maintain grandfather status on the other plans for FY15.

Ms. Rentz asked for a motion to adjourn. Ms. Carson made the motion and Mr. Nichols seconded the motion. Upon a unanimous verbal approval, the meeting adjourned at 4:39 p.m.

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Respectfully submitted,

Dawn M. Davis  
Secretary  
Statewide Benefits, OMB